18th December 1947]

THE HON. SRI M. BHAKTAVATSALAM :—" When the Government feel that it would be feasible to take up that question, they would certainly do it."

SRI S. B. ADITYAN :—" In view of the answer to clause (e) that the Government of India were addressed urging them to convert the Tuticorin Port as a deep sea port at their cost and that an interim reply has been received, may I know whether this interim reply received from the Government of India shows that the port is very likely to be developed in the near future? "

THE HON. SRI M. BHAKTAVATSALAM :—" Their replys does not give that assurance, Sir; we are still pursuing the question."

SRI R. SURYANARAYANA RAO :—" If the Government of India are not agreeable to develop Tuticorin as a deep sea port and in view of the fact that a large number of passengers embark at Negapatam, will the Government consider the desirability of using the minor ports fund for the purpose of developing Negapatam? "

THE HON. SRI M. BHAKTAVATSALAM :—" We have got a programme to develop the minor ports with the minor ports fund and even if we give up all the programme, that fund would not be sufficient at all for developing the Negapatam port without the support of the Government of India."

Particulars regarding purchase of the Madras Electric Supply Corporation, Limited.

* 204 *Q.*—SRI S. B. ADITYAN : Will the Hon. the Minister for Public Works be pleased to state—

(*a*) the paid up capital of the Madras Electric Supply Corporation, Limited;

(*b*) the total percentage of the dividends declared by the company since its formation up to its sale to the Government;

(*c*) the amount paid by the Government by way of purchase price;

(*d*) whether the purchase price has been finally fixed and settled;

(*e*) the name of the person or firm entrusted with the work of estimating the value of the undertaking; and

(*f*) what factors are or will be taken into account by the said person or firm in arriving at the amount paid or to be paid as purchase price?

THE HON. SRI M. BHAKTAVATSALAM :—" (*a*) The total paid-up capital of the Madras Electric Supply Corporation, Limited, up to the end of 1946 is £1,050,000.

" (*b*) On ordinary shares, 4 per cent in 1917, 5 per cent in 1918, 7½ per cent less income-tax in 1919, 8 per cent free of income-tax from 1920 to 1938, 6 per cent free of income-tax in 1939, 4 per cent free of income-tax in 1940 and 1941, nil

in 1942, 4 per cent less income-tax in 1943, 6 per cent less income-tax in 1944 and 1945, and 5 per cent less income-tax in 1946. Particulars for 1947 are not yet available. On preference shares 6 per cent from 1915 to 1924 and 5½ per cent free of income-tax from 1925 to 1946. Particulars not yet available for 1947.

"(c) Under section 7 of the Indian Electricity Act, 1910 (Central Act IX of 1910), which relates to the compulsory purchase of electrical undertakings on the expiry of their licences, payment to the Madras Electric Supply Corporation at the fair market value as on 29th August 1947 was essential before Government could take possession of the undertaking on 29th August 1947 on expiry of the licences granted to the company. As it was not possible that the valuation as on 29th August 1947 could be finalized before 29th August 1947 arrangements had to be made for payment initially of an agreed sum by the Government for taking possession of the undertaking subject to adjustment after the purchase price was fixed. After taking into account the price demanded by the company and the price which the undertaking was worth according to the opinion given by the technical officers, the Government agreed to the payment initially of Rs. 1⅓ crores, the rupee equivalent of £1,000,000, subject to later adjustment after the purchase price was fixed.

"(d) The answer is in the negative.

"(e) Messrs. Mers & McLellan (India).

"(f) Under section 7 (1) of the Indian Electricity Act, 1910, the licensee shall sell the undertaking on payment of the value of all lands, buildings, works, materials and plant of the licensee suitable to, and used by him, for the purposes of the undertaking, other than a generating station declared by the licence not to form part of the undertaking for the purpose of purchase, such value to be in case of difference or dispute determined by arbitration :

Provided that the value of such lands, buildings, works, materials and plant shall be deemed to be their fair market value at the time of purchase due regard being had to the nature and condition for the time being of such lands, buildings, works, materials and plant, and to the state of repair thereof, and to the circumstance that they are in such a position as to be ready for immediate working, and to the suitability of the same for the purposes of the undertaking :

Provided also that there shall be added to such value as aforesaid such percentage, if any, not exceeding twenty per centum on that value as may be specified in the licence on account of compulsory purchase."

According to the agreement for valuation entered into with the valuers, the valuation should be in conformity with the first proviso to section 7 (1) of the Indian Electricity Act, 1910,

but the valuers should not include in their valuation any solatium on account of the compulsory purchase of the undertaking in accordance with the second proviso to section 7 (1) of the Indian Electricity Act as the Government have specifically informed the company that no such solatium is payable to the company."

SRI R. SURYANARAYANA RAO :—" May I know what is the policy of the Government regarding the purchase of these undertakings? Is it their policy to purchase compulsorily whenever the period of the licence expires?"

THE HON. SRI M. BHAKTAVATSALAM :—" That has been the policy which was responsible for our dealings with this concern, but we have since examined the revision of the policy and we propose to purchase concerns even before the licence expires."

SRI R. SURYANARAYANA RAO :—" What is the policy in regard to the distribution companies, Sir."

THE HON. SRI M. BHAKTAVATSALAM :—" Even distribution companies we propose to purchase. We are examining the question."

SRI S. B. ADITYAN :—" What are the reasons for the delay in fixing the final price of this undertaking, Sir?"

THE HON. SRI M. BHAKTAVATSALAM :—" The valuation of this concern is a very technical and difficult thing and it takes some time."

SRI S. B. ADITYAN :—" May I know why this work was entrusted to an English firm? Did not the Government try and find out whether there was a suitable Indian firm for the purpose of estimating the value of the undertaking?"

THE HON. SRI M. BHAKTAVATSALAM :—" Yes, Sir. The Government have not been able to get a suitable Indian firm who could undertake this difficult and technical work."

SRI S. B. ADITYAN :—" With regard to the answer given to clause (*f*) may I know whether the Government would take into account in fixing the final price of the undertaking the fact that large sums have already been returned to the shareholders by way of dividends?"

THE HON. SRI M. BHAKTAVATSALAM :—" In this matter we are governed by the provisions of the Indian Electricity Act, Sir."

Manufacture of agricultural implements.

*205 *Q.*—SRI R. RAMAKRISHNA NAYUDU : Will the Hon. the Minister for Industries be pleased to state whether the Government would consider the feasibility of starting a factory for manufacture of agricultural implements?